

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**Annual Financial Report
Year Ended December 31, 2004**

**A Component Unit of the
Pointe Coupee Parish Police Jury**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

**FIRE PROTECTION DISTRICT NO 5 OF THE
PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

GOVERNING BOARD

Eugene Serio, Chairperson

**Pointe Coupee Police Jury
Appointees**

**Valery Joseph Landry
Mark Ramagos**

**Village of Morganza
Appointees**

**Martin Frey
Michael Neal**

Meeting Date

Third Monday of Every Month

TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
Independent Auditor's Report on the Financial Statements		1
Required Supplementary Information:		
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-wide -		
Statement of Net Assets		6
Statement of Activities		7
Governmental Funds -		
Balance Sheet		8
Statement of Revenues, Expenditures, and Changes in Fund Balances		9
Notes to the Financial Statements -		
Introduction	1	11
Summary of Significant Accounting Policies	2	11
New Accounting Standards Adopted		11
Reporting Entity		12
Government-wide and Fund Financial Statements		12
Measurement Focus and Basis of Accounting		13
Assets, Liabilities, and Equity		13
Fund Equity Classifications		14
Use of Estimates		14
Budgetary Information		14
Cash and Investments	3	15
Capital Assets	4	15
Capital Lease Obligations	5	15
Ad Valorem Taxes	6	16
Risk Retention	7	16
Litigation and Claims	8	17
Compensation Paid to Board Members	10	17
Restatement	12	17
Required Supplementary Information		
Budgetary Comparison Schedule - General Fund		18
Supplementary Information		
Taxable Property Valuations		19
Other Report Required by Government Auditing Standards		
Independent Auditor's Report on Compliance and on Internal Control Over		
Financial Reporting Based on an Audit of the Basic Financial Statements		
Performed in Accordance with Government Auditing Standards		21
Schedule of Findings		23
Resolution of Prior Year Audit Findings		24

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

**Board of Commissioners
Fire Protection District No. 2 of the
Parish of Pointe Coupee
Morganza, Louisiana**

I have audited the accompanying financial statements of the governmental activities and each major fund of the FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE, LOUISIANA, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of management of the Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and with provisions of Louisiana Revised Statute 24:513 and the provisions of the Louisiana Governmental Audit Guide. Those standards and the Guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2004, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 2 and 10, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of December 31, 2004.

In accordance with Government Auditing Standards, I have also issued a report dated June 17, 2005, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 3 through 5, budgetary comparison information on page 18, and schedule of taxable valuations on page 20, are not a required part of the basic financial

statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

George F. Delaune, CPA

June 17, 2005

Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana

P. O. BOX 66
MORGANZA, LOUISIANA 70759

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2004. Please read it in conjunction with the District's basic financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$15,923 from \$301,430 in 2003 to \$317,353 in 2004.
- Cash decreased by \$11,791 for the year ended December 31, 2004.

USING THIS ANNUAL REPORT

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's Government-wide Financial Statements distinguish functions that are intended to recover all or a significant portion of their costs through charges (business-type activities). The Government-wide Financial Statements can be found on pages 6 and 7 of this report.

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's net assets are mainly composed of cash (31.32%) and capital assets (73.75%). The District provides fire protection services to residents and businesses that encompasses the area from Morganza Spillway Control Structure to Pointe Coupee Central School to Ravenswood.

Net assets of the District increased by 5.28%. Net assets are restricted as to the purposes they can be used for or are invested in capital assets (buildings, vehicles, and equipment) Consequently, unrestricted net assets were \$158,360 and \$156,957 at the end of 2003 and 2004, respectively. These balances reflect the District's income from operations that far exceeds long-term investment in its fixed assets on an annual basis.

NET ASSETS

	2004	2003	% Change
Current and other assets	\$ 160,946	\$ 160,694	0.16%
Capital assets	234,034	235,446	-0.60%
Total assets	394,980	396,140	-0.29%
Current and other liabilities	3,989	2,334	70.91%
Capital lease obligations	73,638	92,376	-20.28%
Total liabilities	77,627	94,710	-18.04%
Net assets -			
Invested in capital assets	160,396	143,070	12.11%
Unrestricted	156,957	158,360	-0.89%
Total net assets	\$ 317,353	\$ 301,430	5.28%

The District's total revenues decreased by 57.24% from \$165,682 in 2003 to \$70,846 in 2004 primarily due to FEMA grant revenues of \$111,435 received in year 2003. Total expenses, excluding depreciation, decreased by 40.45% from \$53,406 in 2003 to \$31,803 in 2004.

CHANGES IN NET ASSETS

	2004	2003	% Change
Revenues:			
Taxes	\$ 58,662	\$ 45,932	27.71%
Intergovernmental revenues	6,617	118,541	-94.42%
Interest earned and other revenues	5,567	1,209	360.46%
Total revenues	70,846	165,682	-57.24%
Expenses:			
Operating	54,923	79,526	-30.94%
Total expenses	54,923	79,526	-30.94%
Change in net assets	\$ 15,923	\$ 89,156	-82.14%

CAPITAL ASSETS

At December 31, 2004 and 2003, the District had \$234,034 and \$235,446, respectively, invested in a broad range of capital assets, including buildings, vehicles, and equipment. During the year, the District purchased a used water tank truck in the amount of \$21,706.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Mark Ramagos, Commissioner for the Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana at (225) 694-3655.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF NET ASSETS
December 31, 2004**

	Governmental Activities
ASSETS	
Cash	\$ 99,382
Receivables -	
Ad valorem	59,879
State revenue sharing	616
Due from other governmental units	1,069
Capital assets, net of accumulated depreciation:	
Buildings	0
Firefighting equipment and tools	88,632
Fire hydrants and water supply lines	2,228
Radios and paging equipment	6,265
Vehicles	136,909
Furniture, fixtures, and equipment	0
Total Assets	394,980
LIABILITIES	
Accounts payable	1,480
Amount due retirement system	2,509
Capital lease obligations	73,638
Total Liabilities	77,627
NET ASSETS	
Invested in capital assets, net of related debt	160,396
Unrestricted	156,957
Total Net Assets	\$ 317,353

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2004**

	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities: Public safety	\$ 54,923				\$ (54,923)
Total Governmental Activities	<u>\$ 54,923</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(54,923)</u>

General Revenues:

Taxes:	
Property tax, levied for fire protection	58,662
General intergovernmental revenues	6,617
Interest earnings	1,067
Sale of capital assets	3,500
Donations	1,000
Total General Revenues	<u>70,846</u>
Change in Net Assets	15,923
Net Assets at Beginning of Year, Restated	301,430
Net Assets at End of Year	<u>\$ 317,353</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004**

	General Fund
ASSETS	
Cash	\$ 99,382
Receivables -	
Ad valorem	59,879
State revenue sharing	616
Due from other governmental units	1,069
	<hr/>
Total Assets	\$ 160,946
	<hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,480
Amount due retirement system	2,509
	<hr/>
Total Liabilities	3,989
	<hr/>
Fund Balances:	
Unrestricted	156,957
	<hr/>
Total Fund Balances	156,957
	<hr/>
Total Liabilities and Fund Balances	\$ 160,946
	<hr/>

Reconciliation of the Statement of Net Assets of Governmental Funds to the Balance Sheet:

Amounts reported for governmental activities in the statement of net assets
are different because:

Total fund balance per balance sheet	\$ 156,957
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	234,033
Some liabilities, including capital lease obligations, are not due and payable in the current period and therefore are not reported in the funds.	(73,637)
	<hr/>
Net assets of governmental activities	\$ 317,353
	<hr/>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004**

	General Fund
Revenues	
Taxes -	
Ad valorem	\$ 58,662
Intergovernmental revenues -	
State fire insurance rebate	4,807
State revenue sharing	1,810
Miscellaneous revenues -	
Interest earned	1,067
Sale of capital assets	3,500
Donation	1,000
Total Revenues	<u>70,846</u>
Expenditures	
Current operations -	
Professional fees	1,500
Tax collector fees	2,509
Vehicle maintenance	3,254
Firefighting equipment maintenance	1,298
Radios and pagers maintenance	691
Building maintenance	3,029
Supplies and small tools	1,784
Utilities	1,610
Telephone	424
Insurance	10,035
Training and fire prevention	1,261
Office and computer supplies	1,054
Capital outlays -	
Vehicles and equipment	21,707
Debt service -	
Principal retirement	18,738
Interest expense	3,354
Total Expenditures	<u>72,248</u>
Excess of Revenues (Expenditures)	(1,402)
Fund balance, beginning of year	158,360
FUND BALANCE, END OF YEAR	<u><u>\$ 156,958</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balance - total governmental funds	\$ (1,402)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This the amount by which capital outlays (\$21,707) exceeded depreciation (\$23,120) in the current period.	(1,413)
Principal payments on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	18,738
Change in net assets of governmental activities	<u>\$ 15,923</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - INTRODUCTION

On July 14, 1981, the 4th Ward Fire Protection District of the Parish of Pointe Coupee, Louisiana was re-designated Fire Protection District No. 2 of the Parish of Pointe Coupee (the "District") by a resolution of the Pointe Coupee Parish Police Jury under authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within the limits of Pointe Coupee Election Districts 3, as said Election District was constituted in 1981. The Board is composed of five commissioners. These five commissioners accept no compensation although per diem is allowed. The District has no employees. Labor is furnished through a intergovernmental service agreement with the local volunteer firefighters.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards Adopted

In fiscal year 2004, the District adopted two new statements of financial accounting standards and one new interpretation issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 – Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments
- Statement No. 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurements of Certain Liabilities & Expenditures in Governmental Fund Financial Statements

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the District's governmental activities on the statement of net assets and statement of activities. Significantly, the District's statement of net assets includes both noncurrent assets and noncurrent liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group.

The District's implementation of these standards had the following effect on the District's financial statements:

- *The District has historically capitalized all capital assets. The District also has not recorded annual depreciation expense or the related accumulated depreciation. As of January 1, 2004, the District recognized \$1,564,336 in accumulated depreciation on all governmental activity assets that had not previously been recognized.*

In addition to the government-wide financial statements, the District has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting of the District's General Fund and Capital Projects Fund is similar to that previously presented in the District's financial statements, although the format of financial statements has been modified by Statement No. 34 to focus on major funds, as opposed to presenting fund types.

Statement No. 34 also requires certain required supplementary information in the form of Management's Discussion and Analysis which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

GASB has issued Statement No. 38, Certain Financial Statement Note Disclosures which modifies, establishes and rescinds certain financial statement disclosure requirements.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Interpretation 6 is an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statements Nos. 10, 16, and 18. It clarifies the existing modified accrual standards for distinguishing the portion of a liability that should be reported as a governmental fund liability/expenditure from the portion that should be reported as a general long-term liability (i.e., government-wide reporting only).

Reporting Entity

As stated previously, the District was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 and is body politic and corporate and a political subdivision of the Pointe Coupee Parish Police Jury.

In accordance with LRS 40:1494, the District is managed by a board of five commissioners. Two commissioners are appointed by the Pointe Coupee Parish Police Jury and two are appointed by the Village of Morganza. These four commissioners then appoint the fifth to act as chairperson.

In accordance with the requirements of Statement No. 14, The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB), the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model as defined by GASB Statement No. 34 the focus is either the District as a whole or major individual funds (within the fund financial statements).

The government-wide statements of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, [2] grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and [3] grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem tax revenues in the General Fund are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The following major fund is used by the District in its governmental funds:

- General Fund accounts for the District's primary public safety service and is the primary operating unit of the District.

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

Assets, Liabilities, and Equity

Cash and Investments

Cash and cash equivalents include demand deposits and money market accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with a bank organized under Louisiana law, or of any other state of the United States, or under the laws of the United States.

State statutes authorize the District to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Cash deposits are reported at carrying amount which reasonably estimates fair value.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Inventories

Inventories for supplies are immaterial and are recorded as expenses when purchased.

Capital Assets, Depreciation, and Amortization

The District's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Uniforms and protective gear which are susceptible to excessive wear and tear and fire code regulations are expense when incurred.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Capital assets are depreciated using the straight-line method over the estimated useful lives, in years, for depreciable assets as follows:

Building	40 Years
Vehicles	15 Years
Firefighting equipment and tools	10 Years
Radios and paging equipment	10 Years
Fire hydrants and water supply lines	25 Years
Furniture, fixtures, and office equipment	5 & 12 Years

Fund Equity Classifications

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

The District has adopted annual long-range budgets for the General Fund until the year 2009 (end of the current millage authorization by voters) that is adjusted after each year and amended for proposed capital asset acquisitions.

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Revisions to the budget were made throughout the year.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2004, the status of deposited funds and collateralized balances are as follows:

Demand deposits	\$ 100,177
Secured by federal deposit insurance	100,000
Secured by federal deposit insurance	177
	<hr/>
Unsecured/uncollateralized	\$ 0
	<hr/>

Cash and investments are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

NOTE 4 - CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	1-1-2004	Increases	Decreases	12-31-2004
Capital Assets not being depreciated:				
Land	\$ 0			\$ 0
Other capital assets:				
Buildings	11,556			11,556
Vehicles	283,705	\$ 21,707		305,411
Fire fighting equipment and tools	147,951			147,951
Radios and paging equipment	54,218			54,218
Furniture, fixtures, and equipment	2,946			2,946
Fire hydrants & water supply line	4,860			4,860
Total other capital assets at historical cost	505,236	21,707		526,943
Less: Accumulated depreciation for -				
Buildings	(11,556)			(11,556)
Vehicles	(158,034)	(10,468)		(168,502)
Fire fighting equipment and tools	(48,255)	(1,065)		(59,320)
Radios and paging equipment	(46,561)	(1,392)		(47,954)
Furniture, fixtures, and equipment	(2,946)			(2,946)
Fire hydrants & water supply line	(2,438)	(194)		(2,632)
Total accumulated depreciation	(269,790)	(23,120)		(292,909)
Governmental activities capital assets, net	\$ 235,446	\$ (1,413)		\$ 234,033

NOTE 5 - CAPITAL LEASE

On July 1, 2003, the District entered into a Governmental Lease Purchase Agreement with Regions Financial Corporation to acquire a rescue unit. Total cost of the rescue unit was \$125,165 of which the District paid \$25,200 and signed a lease agreement in the amount of \$99,965 at a rate of 4.0%. The lease is to be paid in 60 monthly payments of \$1,841.01 with final payment due on July 1, 2008.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

The future annual lease payments are as follows:

Years	Principal	Interest	Total
2005	\$ 19,502	\$ 2,590	\$ 22,092
2006	20,296	1,796	22,092
2007	21,123	969	22,092
2008	12,717	170	12,887
	<u>\$ 73,638</u>	<u>\$ 5,525</u>	<u>\$ 79,163</u>

NOTE 6 - AD VALOREM TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax District. The assessor is required to re-appraise all property very four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish. By agreement, the Sheriff receives a commission of approximately 4.16%.

The millage rates are adopted in late October. The taxes are levied and notices are mailed out in mid November of the year. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date of December 31, the taxes bear interest at one and one-fourth percent (1.25%) per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are usually collected in November and December of the year. Any amounts not collected at December 31 are shown as accounts receivable.

For the year ended December 31, 2004, taxes of \$59,878.46 were levied on property with assessed valuations totaling \$13,942,695 at the rate of 5.03 mills for the purpose of maintaining and operating the District's fire protection facilities, for purchasing fire trucks and other fire fighting equipment and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and service and for the purpose of paying the cost of acquiring, improving, or constructing fire protection facilities of the Fire Protection District, constituting works of public improvement, title to which shall be in the public.

NOTE 7 - RISK RETENTION

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The District carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2004 from coverage in the prior year. Settled claims has not exceeded this commercial coverage in the past three fiscal years.

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LITIGATION AND CLAIMS

There were no judgments, claims or similar contingencies pending against the District at December 31, 2004.

NOTE 9 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members is as follows:

Eugene Serio	\$	0
Martin Frey		0
Valery Joseph Landry		0
Michael Neal		0
Mark Ramagos		0
	<u>\$</u>	<u>0</u>

NOTE 10 - RESTATEMENT

As a result of implementing the pronouncements mentioned on page 12 for the fiscal year ended December 31, 2004, the following restatements were made to beginning net assets:

Government-wide financial statements. Beginning net assets for the governmental activities were determined as follows:

Fund balances of general fund as of 12/31/2003	\$	158,360
Add: governmental capital assets as of 12/31/2003		505,236
Deduct: accumulated depreciation as of 12/31/2003 on above governmental fixed assets		(269,790)
Deduct: capital lease obligations as of 12/31/2003		(92,376)
Governmental net assets, restated, as of 12/31/2003	<u>\$</u>	<u>301,430</u>

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes -				
Ad valorem	\$ 56,885	\$ 56,885	\$ 58,662	\$ (1,777)
Intergovernmental revenues -				
State fire insurance rebate	4,524	4,524	4,807	(283)
State revenue sharing	2,582	2,582	1,810	772
Miscellaneous revenues -				
Interest earned	1,209	1,209	1,067	142
Sale of capital assets		3,500	3,500	0
Donation		1,000	1,000	0
Total Revenues	65,200	69,700	70,846	(1,146)
Expenditures				
Current operations -				
Professional fees	1,500	1,500	1,500	0
Tax collector fees	2,500	2,500	2,509	(9)
Vehicle maintenance	15,000	5,000	3,254	1,746
Firefighting equipment maintenance	1,300	1,300	1,298	2
Radios and pagers maintenance	500	500	691	(191)
Building maintenance	500	3,000	3,029	(29)
Supplies and small tools	1,200	1,200	1,784	(584)
Utilities	1,700	1,700	424	1,276
Telephone	500	1,500	1,610	(110)
Insurance	11,000	11,000	10,035	965
Training and fire prevention	1,000	1,000	1,261	(261)
Office supplies	1,000	1,000	1,054	(54)
Capital outlays -				
Vehicles and equipment	5,000	23,000	21,707	1,293
Debt service -				
Principal retirement	18,738	18,738	18,738	0
Interest expense	3,354	3,354	3,354	0
Total Expenditures	64,792	76,292	72,248	4,044
Excess of Revenues (Expenditures)	408	(6,592)	(1,402)	5,190
Fund Balances, Beginning of Year	158,360	158,360	158,360	0
FUND BALANCES, END OF YEAR	\$ 158,768	\$ 151,768	\$ 156,958	\$ 5,190

FIRE PROTECTION DISTRICT NO. 2
OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA
TAXABLE PROPERTY VALUATIONS
SINCE INCEPTION
(UNAUDITED)

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1982	3.00	\$ 9,844,498	\$ 1,572,051	\$ 24,818	\$ 4,716	\$ 29,534
1983	3.00	11,546,004	1,568,652	29,932	4,706	34,638
1984	3.00	9,048,974	1,600,534	22,346	4,802	27,147
1985	3.00	12,170,902	1,608,671	31,687	4,826	36,513
1986	4.01	9,524,387	1,626,432	31,671	6,523	38,194
1987	4.01	8,599,802	1,634,263	27,932	6,554	34,487
1988	4.01	8,780,793	1,504,641	29,177	6,034	35,212
1989	4.01	8,954,817	1,507,232	29,865	6,045	35,910
1990	4.01	7,964,444	1,487,812	25,971	8,967	31,938
1991	4.01	8,699,622	1,478,362	28,957	5,929	34,886
1992	3.56	9,730,755	1,508,185	29,272	5,369	34,642
1993	3.43	10,217,576	1,476,375	29,983	5,064	35,047
1994	3.43	10,041,022	1,510,806	29,259	5,182	34,442
1995	3.43	9,689,747	1,552,866	27,910	5,327	33,237
1996	3.33	10,109,490	1,666,851	28,115	5,551	33,666
1997	3.46	10,007,485	1,703,636	28,732	5,895	34,626
1998	3.69	9,483,904	1,724,425	28,633	6,364	34,997
1999	3.69	9,705,504	1,724,360	29,451	6,363	35,815
2000	4.82	10,201,106	1,819,110	40,402	8,768	49,170
2001	4.82	9,812,471	1,888,340	38,195	9,102	47,297
2002	4.82	9,664,547	1,930,545	37,278	9,306	46,584
2003	4.82	11,840,202	1,912,140	47,854	9,217	57,070
2004	5.03	13,942,695	2,038,490	59,878	10,254	70,133

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

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OFFICERS ASSOCIATION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Commissioners
Fire Protection District No. 2 of the
Parish of Pointe Coupee
Morganza, Louisiana**

I have audited the basic financial statements of the FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE, LOUISIANA (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 17, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of the District and its management, the Police Jury of the Parish of Pointe Coupee, New Roads, Louisiana (oversight entity), and the Legislative Auditor for the State

of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, by provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

George F. Delaune, CPA

June 17, 2005

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Fire Protection District of the Parish of Pointe Coupee, Louisiana.
2. No instances of noncompliance were disclosed during the audit of the basic financial statements.
3. No reportable conditions were disclosed during the audit of the basic financial statements.
4. The District received no federal awards during the year.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

NONE

**FIRE PROTECTION DISTRICT NO. 2 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2003**

There were no prior years audit findings.